

STATE OF MICHIGAN
DESCRIPTIONS OF EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

MICHIGAN UNEMPLOYMENT COMPENSATION FUND

The Michigan Unemployment Compensation Fund is administered by the Unemployment Agency within the Department of Consumer and Industry Services. The fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers. The fund also makes payments under certain federally funded programs. Administrative costs of the fund are accounted for in the Michigan Employment Security Act - Administration Fund (a special revenue fund).

MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND

The Michigan Employment Security Act Contingent Fund, which is administered under the supervision of the Director of Employment Security, was created by P.A. 535 of 1982 to receive a special temporary unemployment tax surcharge, known as the solvency tax. The fund also receives interest and penalty charges on late contributions. Public Act 224 of 1989 restricts use of solvency taxes for payment of interest on the Michigan Unemployment Compensation borrowings from the federal government.

SECOND INJURY FUND

Public Act 317 of 1969, as amended, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The fund is supervised by the administrator who is appointed by the fund's Board of Trustees. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers.

STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS

The State Employees' Deferred Compensation Fund I (457) and the State Employees' Deferred Compensation Fund II (401k) are combined for reporting purposes. These funds were administratively established to account for deferred compensation plans which permit State employees to defer a portion of their income until future years. The plans are administered by the Department of Treasury, which has contracted the operation of the programs to an investment firm. A footnote to the General Purpose Financial Statements, titled "Deferred Compensation Plans," includes additional information on the plans.

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DESCRIPTIONS OF EXPENDABLE TRUST FUNDS (Continued)
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TRANSPORTATION RELATED TRUST FUNDS

The transportation related trust funds column reflects the activities of four sub-funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, and the Highway Topics and Safety Program Fund. The Michigan Department of Transportation is recognized as the legal representative of the State including all governmental subdivisions in the administration of these programs. The financing accounted for in these funds consists primarily of local and federal matching funds with very little State funds. Financing provided prior to expenditures being incurred is recorded as deferred revenue and revenue is recognized as expenditures are made. As a result of this, the fund balances of these funds are usually zero.

The Special Federal Bridge Replacement Fund was established in conjunction with the Federal Highway Act of 1970, Section 144. This section was authorized by Congress to assist states in reconstructing or replacing roadway bridges which are found to be unsafe or obsolete.

The Federal County Road Fund was established in conjunction with the Federal Aid Highway Act of 1944. This act authorizes funds for projects on the secondary road system which are selected by the Michigan Department of Transportation in cooperation with county road commissions and the Bureau of Public Roads.

The Federal Urban Transportation System Fund was created to administer provisions of the Federal Highway Act of 1970, Section 106. The responsibility for administration of the act was placed in the Michigan Department of Transportation by Section 302(a) of Title 23, United States Code, and was authorized by section 7(m) of P.A. 286 of 1964. The principal objective of the fund is the improvement of urban highway systems in cooperation with local units of government.

The Highway Topics and Safety Program Fund was established in conjunction with the Federal Aid Highway Acts of 1968 and 1973. The objective of this program is to improve the safety and operating conditions of the existing street and road systems in urban areas.

MISCELLANEOUS TRUST ACCOUNTS FUND

This fund is used to report the transactions of several legally separated activities in which the State holds funds in a fiduciary manner. These activities include the following "funds": Vietnam Veterans' Memorial Monument; Children's Institute Trust; Escheats; Gifts, Bequests, and Deposits Investment; Silicosis, Dust Disease, and Logging Industry Compensation; Assigned Claims Plan; Agricultural College Fund - Morrill Act; Hospital Patients' Trust; Federal Housing Administration Mortgages Escrow; Self-Insurers' Security; Special Assessment Deferment; Urban Land Assembly Loan; Utility Consumer Representation; and Workers' Disability Compensation-Multiple Trust Funds.